Infrastructure

Annual Report
2014-2015

Alberta
Government

Infrastructure

Annual Report

2014-2015

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Management Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 19 Ministries.

The annual report of the Government of Alberta contains the consolidated financial statements of the province and *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

This annual report of the Ministry of Infrastructure contains the audited financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes other financial information as required by the *Financial Administration Act* and *Fiscal Management Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report.

Message from the Minister

Alberta Infrastructure is responsible for planning, building and managing government-owned infrastructure. We work with other ministries to ensure Albertans have the schools, hospitals, seniors facilities and other public infrastructure necessary to meet the needs of a growing economy and population. The following report highlights results achieved by the Ministry of Infrastructure in the 2014-15 fiscal year.

Infrastructure strives to provide the safe and sustainable public infrastructure solutions integral for strengthening Alberta's communities and serving Alberta's families. As we move forward together we will focus on finding innovative, progressive ways to build and maintain our public infrastructure in order to support our province's growth and contribute to Alberta's prosperity now and for future generations.

A new chapter is beginning in the story of our province and we are dedicated to working with our colleagues, department staff and other stakeholders to build on what we have today to ensure a strong, caring and prosperous Alberta tomorrow.

Original signed by

Honourable Brian Mason
Minister of Infrastructure

Management's Responsibility for Reporting

The executives of the ministry have the primary responsibility and accountability for the ministry. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the ministry rests with the Minister of Infrastructure. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability – information agrees with underlying data and the sources used to prepare it.
- Understandability and Comparability – current results are presented clearly in accordance with the stated methodology and are comparable with previous results.
- Completeness – performance measures and targets match those included in Budget 2014.

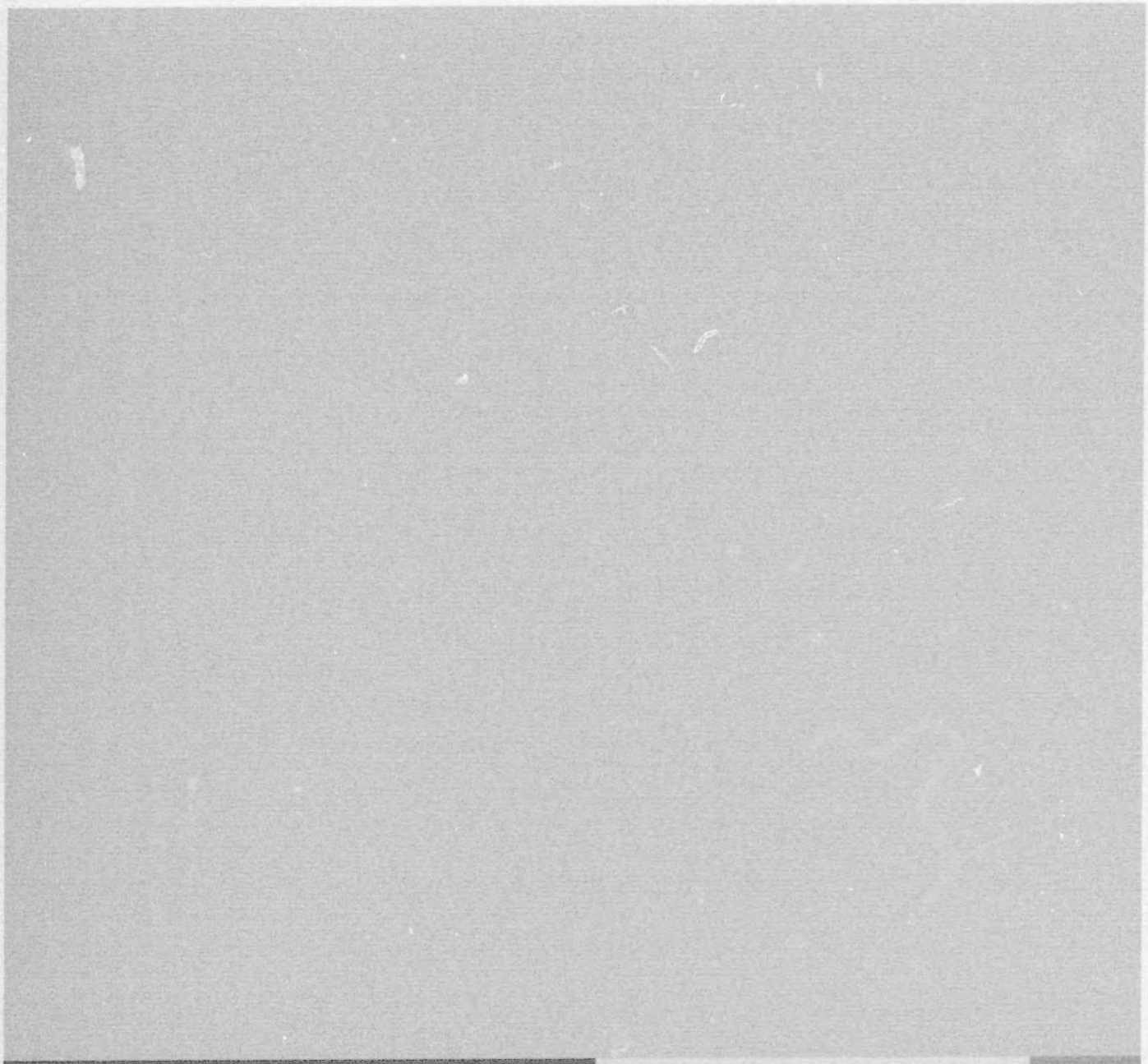
As Deputy Minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board and Minister of Finance and the Minister of Infrastructure information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Fiscal Management Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executives of the ministry.

Original signed by

Barry Day
Deputy Minister of Infrastructure
June 4, 2015



Results Analysis

Ministry Overview

Alberta Infrastructure has a vision of providing innovative, high quality and well-designed public infrastructure for Albertans. Through leadership and expertise, and in collaboration with our partners, the ministry's mission is to support the provision of public infrastructure that contributes to the province's prosperity and quality of life.

The Ministry of Infrastructure aligns its services under two goals:

- **Goal 1:** Innovative public infrastructure solutions that provide value for Alberta's communities; and
- **Goal 2:** Safe and sustainable public assets contribute to Alberta's prosperity.

Alberta Infrastructure is responsible for leading the development of the provincial Capital Plan, with an emphasis on responsible fiscal management. The ministry also develops and delivers innovative capital projects, and operates and maintains building infrastructure for the public and government in a manner that emphasizes sustainability, safety and environmental responsibility. In addition, and in collaboration with boards, agencies and industry, the ministry aims to enhance the value of building infrastructure by leveraging collective technical expertise covering all areas, including planning, design, construction, acquisition and renovation.

Learning Facilities Division

The Learning Facilities Division works with Alberta Education and school jurisdictions to implement the School Capital Program and with Alberta Innovation and Advanced Education and post-secondary institutions to implement the Post-Secondary Capital Program. This includes supporting the planning, delivery, and maintenance of schools and post-secondary capital assets.

Health and Government Facilities Division

The Health and Government Facilities Division works with partner ministries, boards, agencies, and other stakeholders to implement, preserve, and upgrade supported capital infrastructure, including health facilities and seniors' lodges. The division also delivers major government-owned capital projects to support government program delivery.

Properties Division

The Properties Division is accountable for the management, operations, and maintenance of all government-owned and leased properties and the management of government's corporate physical security program. The division provides comprehensive real estate and leasing services to ministries, boards, and agencies. Additional responsibilities include the planning and management of the Edmonton and Calgary Transportation and Utility Corridors, and management of the Swan Hills Treatment Centre. The Properties Division also provides accommodation planning services for government staff and service providers operating out of owned and leased office space, museums, courthouses, correctional centres, service buildings and research facilities. The division seeks to continuously improve the environmental and energy management portfolio and manage the Greening Government strategy. The Properties Division also takes the lead role for Alberta Infrastructure in response and recovery operations for major disaster events such as the Southern Alberta Floods.

Strategic Partnerships Office

The Strategic Partnerships Office (SPO) is a centralized source of procurement knowledge, expertise and practical experience that fosters a business and policy environment for successful infrastructure partnerships. The SPO is responsible for the identification, structuring and development of business cases, and the procurement of partnership solutions that provide alternative delivery options for public infrastructure. The office also provides advice and participates in knowledge sharing with other ministries and public sector entities on the evaluation and delivery of various partnership solutions. Other responsibilities include the development of policies, frameworks and guidelines related to alternative financing of capital projects, carried out in collaboration with the Corporate Strategies and Services Division. The SPO maintains intergovernmental contacts with other jurisdictions on pan-Canadian matters relating to alternatively financed projects.

Procurement Modernization

As a new initiative, the Procurement Modernization team aims to achieve sustainable and transformative change in department procurement activities. By actively engaging staff, other departments, industry and other jurisdictions, the team is improving how procurement is conducted by optimizing processes, policies, methods, documents and systems.

Corporate Strategies and Services Division

The Corporate Strategies and Services Division provides services and executive support for the Ministry of Infrastructure. The division leads the preparation of the Capital Plan for the Budget, collaborating with other ministries to help ensure necessary infrastructure is built in Alberta in a cost-effective manner. The division manages the ministry's business planning and reporting cycles, facilitates operational planning and leads Enterprise Risk Management. Other responsibilities led by the division include policy development and coordination, procurement services, ministry budgets, overseeing all financial policies and processes, information technology services and support, and information management support as well as automated records services for all ministry locations within the province. Alberta Infrastructure's legal services team is also housed within the Corporate Strategies and Services Division, providing legal advice to the ministry.

Review Engagement Report

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

I have reviewed one of six performance measures in the Ministry of Infrastructure's Annual Report 2014–2015. The reviewed performance measure is the responsibility of the ministry and is prepared based on the following criteria:

- *Reliability* – The information used in applying performance measure methodology agrees with underlying source data for the current and prior years' results.
- *Understandability* – The performance measure methodology and results are presented clearly.
- *Comparability* – The methodology for performance measure preparation are applied consistently for the current and prior years' results.
- *Completeness* – The goal, performance measure and related target match those included in the ministry's budget 2014.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the ministry.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measure. Further, my review was not designed to assess the relevance and sufficiency of the reviewed performance measure in demonstrating ministry progress towards the related goal.

Based on my review, nothing has come to my attention that causes me to believe that the performance measure identified as reviewed by Office of the Auditor General in the ministry's annual report 2014–2015 is not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

Auditor General

May 8, 2015

Edmonton, Alberta

Performance measure reviewed by the Office of the Auditor General are noted with an asterisk (*) on the Performance Measures Summary Table.

Performance Measures Summary Table

Goals & Performance Measures		Prior Year's Results 2010-11	2011-12	2012-13	2013-14	Target 2014-15	Current Actual 2014-15
1	**Innovative public infrastructure solutions that provide value for Alberta's communities**						
1.a Health Facilities – Physical Condition[1,2]	Good	n/a	77%	72%	75%	**74%**	86%
	Fair	n/a	20%	24%	21%	**22%**	13%
	Poor	n/a	3%	4%	4%	**4%**	1%
1.b School Facilities – Physical Condition[1,2]	Good	n/a	61%	56%	57%	**53%**	56%
	Fair	n/a	37%	43%	42%	**44%**	43%
	Poor	n/a	2%	1%	1%	**3%**	1%
1.c Post-Secondary Facilities – Physical Condition[1,2]	Good	n/a	72%	71%	72%	**70%**	73%
	Fair	n/a	23%	24%	27%	**25%**	25%
	Poor	n/a	5%	5%	1%	**5%**	2%
1.d Government-Owned and Operated Facilities – Physical Condition[1,2]	Good	n/a	73%	70%	72%	**65%**	75%
	Fair	n/a	26%	29%	27%	**33%**	24%
	Poor	n/a	1%	1%	1%	**2%**	1%
2	**Safe and sustainable public assets contribute to Alberta's prosperity**						
2.a*	Energy Consumption in Megajoules per Gross Square Metre in Government-Owned and Operated Facilities	1,651	1,629	1,617	1,610	**1,635**	1,609
2.b	Percentage Difference Between Average Operating Costs per Rentable Square Metre of Government-Owned and Operated Office Space and Privately Operated Leased Space[3]	n/a	1.6%	5%	11%	**± 5%**	9.5%

*** Indicates Performance Measure that has been reviewed by the Office of the Auditor General.**

The performance measure indicated with an asterisk was selected for review by ministry management based on the following criteria established by government:

- Enduring measures that best represent the goal;
- Measures for which new data is available; and
- Measures that have well established methodology.

Notes: [1]Due to improvements made to the methodology that resulted in greater consistency in calculating the Facility Condition Index across schools, post-secondary, government-owned and health facilities, current results are not comparable to results prior to 2011-12.

[2]Due to changes in the Annual Report release date from September to June, the most recent data for these measures is not available. Therefore, data results lag by one reporting year.

[3]This new measure was introduced in 2011-12.

For more detailed information, see the Methodology and Data Sources section on pages 25-27.

Discussion and Analysis of Results

GOAL 1

Innovative public infrastructure solutions that provide value for Alberta's communities

Alberta Infrastructure works with partner ministries to ensure Albertans have the schools, hospitals and other public infrastructure necessary to support our communities and a strong economy. The ministry is responsible for the planning, design, construction, and operation of public facilities to support the delivery of government programs and services. This is achieved by providing professional and technical expertise on capital planning, design, construction, procurement, costing, project management, and facility evaluation and preservation.

Health Facilities

Alberta Infrastructure works in collaboration with Alberta Health and Alberta Health Services (AHS) to help ensure Albertans have access to health programs and services.

The following health facilities projects were handed over to AHS in 2014-15:

- Northern Lights Regional Health Centre in Fort McMurray in April 2014;
- Fort McMurray Detoxification in January 2015; and,
- Strathcona Community Hospital – Addictions and Mental Health area in February 2015.

Construction continues for health facility projects in Edson, Grande Prairie, High Prairie, Lethbridge, and Medicine Hat. Throughout 2014-15, ten health facilities projects experienced scope, schedule or budget issues. Cost and timeline pressures, low industry response due to above-normal competition for construction services, major tender packages closing significantly over budget, higher than expected sub-contractor pricing factors, and higher than expected equipment costs are some of the challenges the ministry faced. Mitigation strategies have been developed to address these issues.

School Projects

Student enrollment is rising across the province. Alberta Infrastructure is committed to addressing the need for school infrastructure, with 234 school projects planned, underway, or recently completed across the province. Alberta Infrastructure, in partnership with the Ministry of Education, is implementing a three-phase build-out. These projects include both new schools and modernizations, creating approximately 80,000 new student spaces, and are organized as follows:

- Phase One – announced in 2011, includes 35 school projects.
- Phase Two – announced in 2013, includes 120 school projects.
- Phase Three – announced in 2014, includes 77 school projects.

As of March 31, 2015, students occupied 31 new or modernized schools under Phase One, with the other four in development.

All Phase Two school projects have made steady progress this fiscal year. As of March 31, 2015, 68 school projects were in the planning, design and tender stages, 11 construction contracts had been awarded, 40 were in construction, and one school was completed. Overall, the majority of Phase Two schools will be ready to accept students by 2016.

Phase Three is the most recent addition to Alberta's multi-billion dollar school capital build and is expected to be completed by 2018. As of March 31, 2015, 18 projects were in the design stage and 59 were in the planning stage.

Two additional schools in Peerless Lake and Trout Lake, which are not formally part of the three phases, are also in the planning stage.

On March 31, 2015, the ministry launched a new interactive, mapping website (projects.alberta.ca) that shows the progress made on building and modernizing schools across the province. Albertans can track school projects in their communities by clicking on the map or using the various search functions.

Post-Secondary Facilities

Alberta Infrastructure partners with Alberta Innovation and Advanced Education to work with post-secondary institutions to support post-secondary needs, as identified in the Government of Alberta's Capital Plan.

A total of nine projects for post-secondary institutions were underway throughout Alberta in 2014-15. As of March 31, 2015, five projects were in construction and four were in planning, including:

- Lethbridge College Trades and Technology Renewal and Innovation Project;
- Mount Royal University Library and Learning Centre in Calgary;
- NAIT Centre for Applied Technology in Edmonton;
- NorQuest College Expansion and Retrofit in Edmonton;
- University of Calgary Schulich School of Engineering expansion;
- University of Lethbridge Destination Project;
- MacEwan University City Centre Campus in Edmonton;
- Devonian Botanic Gardens Project; and,
- Red Deer College Centre for Health Wellness and Sport.

Provincial Infrastructure

Alberta Infrastructure is committed to the delivery of critical public infrastructure for Albertans.

The Evan Thomas Water and Wastewater Treatment Facility project in Kananaskis, a Public Private Partnership (P3) project, was completed in August 2014. The project was on budget; however, its completion date was extended by five weeks due to the 2013 floods in Southern Alberta.

The Edmonton Federal Building and the development of the surrounding Centennial Plaza reached substantial completion in November 2014. This redevelopment provides office space and a new public plaza to extend to the Legislature Grounds. Government employee move-in began in February 2015 and is expected to continue into fall 2015. Construction crews were required to remove hazardous material, upgrade mechanical and electrical systems, reinforce the structure and make other improvements to bring the building, which was built in the 1950s, up to 2014 building codes and standards. These challenges resulted in extra construction work and design changes, which in turn caused changes in scope, schedule and budget.

The new Royal Alberta Museum (Edmonton) is scheduled for completion in 2016, with the installation of exhibits continuing into early 2018. The new museum will include 36,000 m^2 of space, including an interactive children's pavilion, a gallery for international exhibitions and exhibit space for the human history and natural history collections.

The New Building Canada Fund (NBCF) is a 10-year cost-shared program to support infrastructure projects across Canada. Alberta Infrastructure is responsible for coordinating submissions on behalf of the Government of Alberta for the National Infrastructure Component of the NBCF. Five submissions were made in 2014-15, including the Edmonton LRT Valley Line Extension, the Calgary Green Line Transit way, the Goods Movement project, a Disaster Resiliency plan, and the Fort McMurray Airport Expansion project.

Communities Affected by the 2013 Alberta Floods

In 2013, devastating floods struck Southern Alberta and the Regional Municipality of Wood Buffalo, resulting in the largest and most expensive natural disaster in provincial history. Alberta Infrastructure continues to lead several non-disaster recovery program initiatives, including:

- The Wallaceville Mitigation Program, supporting the Town of High River's recovery, includes acquisition of properties in the Wallaceville district, and remediation of the site into a natural state. These measures will allow water to flow through the area more freely and ensure costs for maintenance and remediation following future floods are minimized. Demolition of all structures throughout the district is on schedule to be substantially complete in December 2015. Removal of all roadways, utilities and other infrastructure, and naturalization of the site will be substantially complete in December 2016. Any remaining work will be completed by December 2017.
- To date, 97 properties have been acquired under the Floodway Relocation Program. The intent of the program is to purchase residential properties in affected southern Alberta communities for relocation or demolition.

Goal 1 Performance Measures

In measuring performance towards achieving Goal One, the ministry monitors and reports on the physical condition of existing health facilities, schools, post-secondary institutions and government facilities. Alberta Infrastructure uses the Facility Condition Index (FCI) as a common measure, enabling the ministry to compare condition ratings across facility types. The FCI is a ratio of the cost to address current and future (five year) maintenance and renewal needs, relative to facility replacement value, which is translated into a good, fair and poor rating for each facility. Additional information on FCI methodology and the categorization of good, fair, and poor is available on page 25.

Performance Measure 1.a: Health Facilities – Physical Condition

This performance measure reports the percentage of health facilities rated in good, fair and poor condition (by area in m^2). The condition measure provides data in support of long-term capital planning of health facilities across the province. The average age of health facilities is 31 years and 54 per cent are more than 30 years old.

In 2014-15, 86 per cent of health facility space was rated in good condition, 13 per cent in fair condition and one per cent in poor condition. The 2014-15 results represent a substantial change from 2013-14.

Three factors affected the increase in space categorized as good:

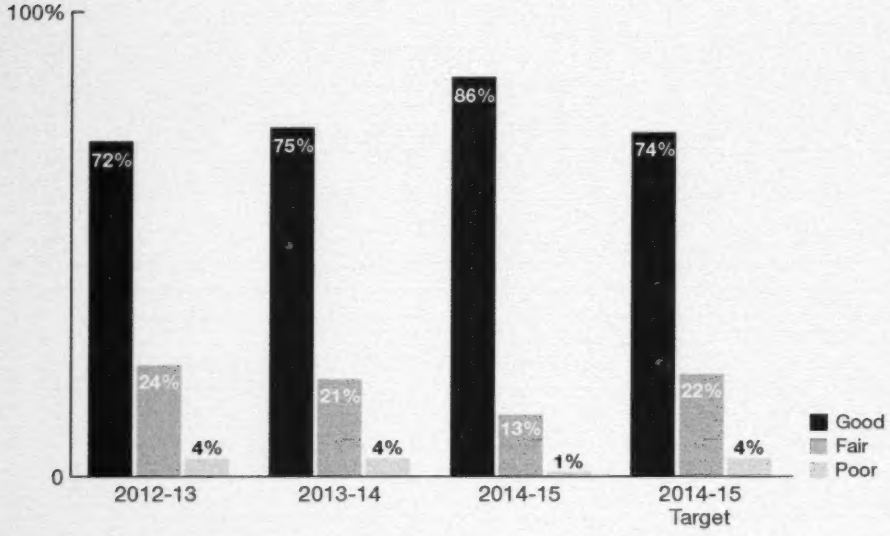
- There were 37 facilities where the condition of the facilities was corrected due to data entry errors that were made in 2013-14. The majority of these corrections moved space that was previously identified as fair into the good category.
- The replacement values were updated for 40 facilities, resulting in more space being categorized in good condition.
- There were 103 facilities where the areas were updated through an Alberta Health Services review of its inventory. Through these updates and the addition of new facilities, the total area of health facilities increased by 5 per cent. Most of the area adjustments applied to facilities already rated in good condition.

The targets for 2014-15 factored in how the health facilities inventory would be affected by Infrastructure Maintenance Program funding and major capital projects. Although the results for 2014-15 exceeded the targets, the targets do not take into account the corrections to the data entry to the building condition ratings and the increase in area of the inventory due to updates made by AHS. Future targets have been adjusted to account for these changes.

Currently, the ministry is reviewing its FCI processes and procedures, which will assist in addressing the issues identified above. Changes to the portfolio can have a significant effect on results. For example, the increase in the portfolio's total area in 2014-15 had a substantial impact on the relative percentages of each condition category. As explained in the Methodology and Data Sources section, two methodologies and data sources were used to compile the 2014-15 performance measures for health facilities. A review is necessary to determine which reporting method best suits the business needs of Alberta Infrastructure for reporting the condition of health facilities.

Health Facilities – Physical Condition

(Percentage in Good, Fair, and Poor Condition by Area in m^2)



Performance Measure 1.b:
School Facilities – Physical Condition

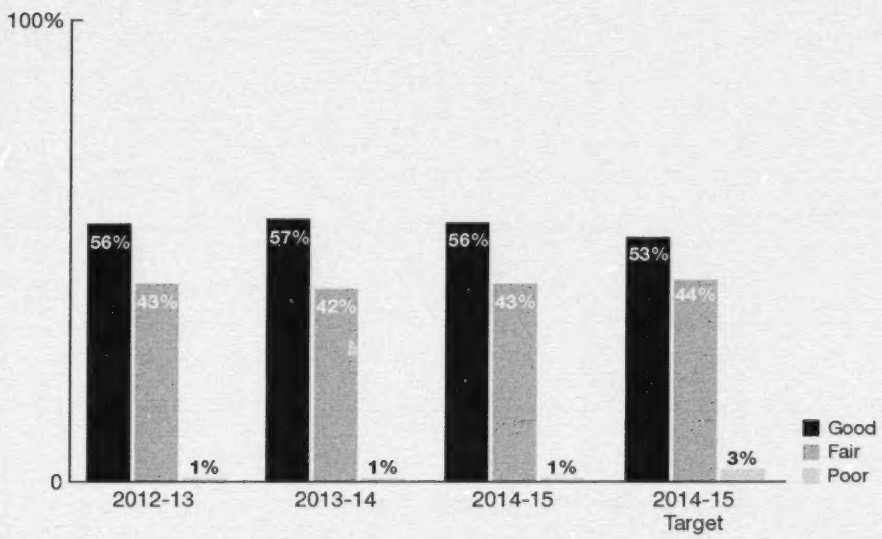
This performance measure reports the percentage of schools rated in good, fair and poor condition (by area in m^2). The condition measure provides data in support of long-term capital planning of school facilities across the province.

In 2014-15, 56 per cent of school space was rated in good condition, 43 per cent in fair condition and one per cent in poor condition. While there was a one per cent drop in the amount of space rated in good condition, overall the results show little change compared to 2013-14 results. Overall, the results for good condition did exceed 2014-15 targets.

The average age of school facilities is 45 years and 79 per cent are more than 30 years old. School facilities are maintained through Capital Maintenance and Renewal funding as well as operating maintenance. Modernization and replacement projects are either grant funded to the jurisdictions or directly managed by Alberta Infrastructure. While this measure rests with Alberta Infrastructure, Alberta Education holds the budget for school capital projects, including capital maintenance and renewal.

School Facilities – Physical Condition

(Percentage in Good, Fair, and Poor Condition by Area in m^2)



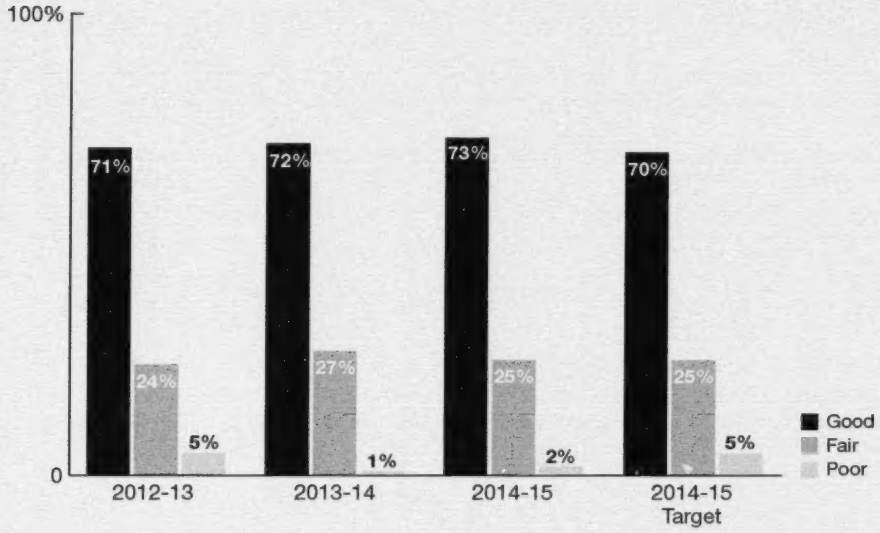
Performance Measure 1.c:
Post-Secondary Facilities – Physical Condition

This performance measure reports the percentage of post-secondary facilities rated in good, fair and poor condition (by area in m^2). The condition measure provides data in support of long-term capital planning of post-secondary facilities across the province.

In 2014-15, 73 per cent of post-secondary space was rated in good condition, 25 per cent in fair condition and two per cent in poor condition. While there was a one per cent increase in the amount of space rated in good condition, there was also a one per cent increase in space rated in poor condition. However, the 2014-15 targets were exceeded.

The average age of post-secondary facilities is 33 years and 55 per cent are more than 30 years old. Capital Maintenance and Renewal funding is provided to post-secondary institutions to maintain the condition of their supported facilities. While this measure rests with Alberta Infrastructure, Alberta Innovation and Advanced Education holds the budget for post-secondary facility projects, including Capital Maintenance and Renewal.

Post-Secondary Facilities – Physical Condition
(Percentage in Good, Fair, and Poor Condition by Area in m^2)



Performance Measure 1.d:
Government-Owned and Operated Facilities – Physical Condition

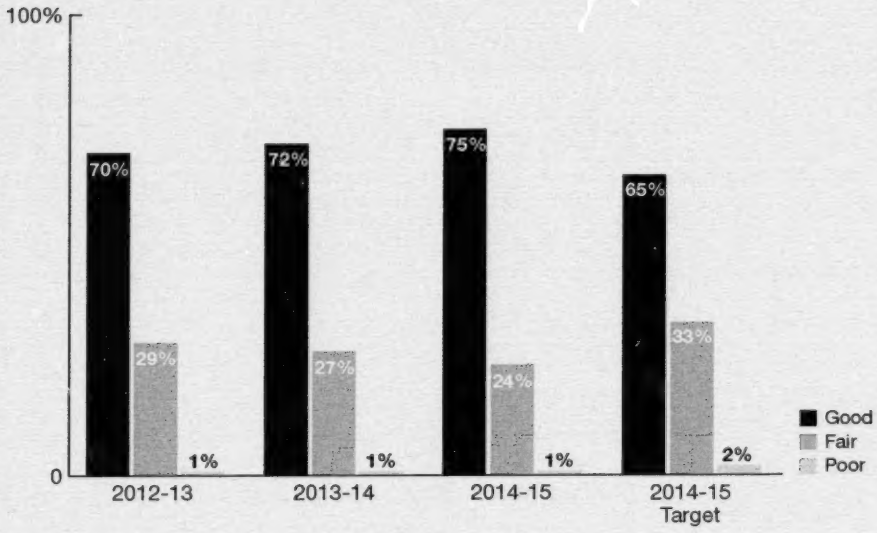
This performance measure reports the percentage of government-owned and operated facilities in good, fair and poor condition (by area in m^2).

In 2014-15, 75 per cent of government-owned and operated facility space was rated in good condition, 24 per cent in fair condition and one per cent in poor condition. As illustrated in the following chart, the overall result is a three percentage point increase in space in good condition compared to the 2013-14 result and ten percentage points higher compared to the target.

Approximately 40,000 m^2 of new space was added in the inventory, while approximately 93,600 m^2 of space was removed for planned dispositions, major building renovations or transfer of ownership to other jurisdictions. A further increase in building condition resulted from buildings being re-evaluated as part of the ongoing five-year evaluation cycle.

The average age of government-owned facilities is 36 years and 72 per cent are more than 30 years old.

Government-Owned and Operated Facilities – Physical Condition
(Percentage in Good, Fair, and Poor Condition by Area in m^2)



GOAL 2
Safe and sustainable public assets contribute to Alberta's prosperity

Alberta Infrastructure maintains and preserves all government-owned and leased properties. The ministry manages this inventory in an efficient, safe and sustainable manner.

Sustainable Operation and Maintenance of Public Facilities

The ministry is a recognized leader in sustainable facility management. The Building Owners and Managers Association Building Environmental Standards (BOMA BEST®) Certification program acknowledges the compliance of commercial buildings with accepted industry best practices in energy, water and waste reduction.

- Alberta Infrastructure currently has 87 government-owned facilities certified to BOMA BEST®, more than any other organization in the province.
- In 2014-15, there were 24 government buildings recertified under the BOMA BEST® program, and two new certifications, including the Lethbridge Correctional Centre, the first correctional centre to be certified under the program.
- 85 per cent of all certified buildings have achieved BOMA BEST® Level 2 or higher. In 2014-15, eight buildings jumped from Level 1 to Level 2 or higher. In early 2015, the Pincher Creek Provincial Building was re-certified to Level 4, making it one of the highest scoring buildings in the program.

Alberta Infrastructure continues to support corporate commitments to the Government of Alberta's Greening Government strategy:

- 34,127 lamps were recycled as part of Alberta Infrastructures mercury recycling program, producing 7,570 kg of glass, 127.8 kg of metals, 106.6 kg of phosphor, 0.16 kg of mercury, 13 kg of porcelain and 143.9 kg of plastic (2014 calendar year).
- 2,386 kilograms of batteries and 1,145 kilograms of non-polychlorinated biphenyls (PCB) ballasts were recycled.
- 17 buildings were Leadership in Energy and Environmental Design (LEED) certified in 2014-15, 16 of which were level Silver or higher.
- All government caretaking contracts follow a "Green Caretaking Specification" which includes requirements for biodegradable, non-toxic cleaning products and caretaking supplies which are Eco-Logo certified and consist of recycled content.
- Green Power contracts reduce more than 150,000 metric tonnes of greenhouse gas emissions every year.
- 56 government buildings in 21 Alberta communities committed to turning off the lights as participants of Earth Hour 2015. Data taken from a sample of 14 buildings showed a collective reduction in energy use from the previous week of 19 per cent or 1,465 kWh. That's enough electricity to power 72 Alberta homes for a day.

Cost-Effective Public Asset Management

In the past year, Alberta Infrastructure made significant progress in streamlining its Asset Management Plan by integrating management strategies, best practices and tools into planning, development and managing Government of Alberta infrastructure. A strategic Asset Management Framework will be in place in 2015-16, with aspects of this Framework implemented in 2014-15. It is anticipated the Framework will guide the development of the following:

- A three-year rolling accommodation plan with a 10-year outlook, site plans for key Government of Alberta holdings, a surplus land sales plan, and a leased portfolio management plan;
- The development and integration of decision matrices to enable value driven decision making over the lifecycle of the assets; and
- Performance monitoring to ensure that assets meet desired business standards in support of program delivery and that operational objectives are met at optimal cost.

The ministry continues to work on real estate and other initiatives to meet community and program needs. Highlights include:

- Continued development at Parsons Creek, highlighted by the initiation of construction of the East Interchange which, in conjunction with the construction of the Parsons Creek Interchange and Highway 686 by Alberta Transportation, will provide highway access to Parsons Creek in late 2015.
- Implementation of a plan to sell $200 million in surplus real estate over a five year period.
- Facilitated key sales in support of asset management principles, including Youngstown Home and Gleichen Cemetery, which reduces ongoing operating and maintenance costs to the Government of Alberta.
- Supported the Swan Hills Treatment Centre which continues to destroy hazardous waste in a safe, effective and environmentally friendly manner while working to increase revenue streams and control operational costs.
- Completed the acquisition of 1,673 acres of land for the Antelope Hills, Lois Hole and Bow Valley Provincial Parks.
- Continued progress on Alberta Transportation and Transportation Utilities Corridor (TUC) initiatives including:
  - Work on the acquisition of 38 properties required to accommodate construction of the final portion of the Southwest leg of the Calgary Ring Road; and
  - The approval and construction of new pipelines in the Edmonton and Calgary TUCs, including the ATCO Gas Urban Pipeline Replacement Program.
- The Land Exchange Agreement between Alberta Infrastructure, Alberta Transportation and the Regional Municipality of Wood Buffalo (RMWB) became unconditional and will result in the completion of $131.8 million in highway construction work by the RMWB in the Fort McMurray region. This work will be funded by the sale of Alberta Infrastructure land, which will be transferred to and then sold by the RMWB.
  - The first parcel of Alberta Infrastructure lands has been transferred to the RMWB, the airport intersection project has been completed and several other highway construction projects are underway.

Goal 2 Performance Measures

In measuring performance in achieving Goal Two, the ministry monitors energy consumption and operating costs in government-owned and operated facilities.

Performance Measure 2.a: Energy Consumption in Megajoules per Gross Square Metre in Government-Owned and Operated Facilities

This performance measure reports how effectively the ministry is managing energy and associated costs in government-owned buildings. This measure assists the ministry in identifying and implementing energy saving initiatives to achieve cost and environmental benefits.

In 2014-15, the energy consumption of government-owned and operated office space and leased space was 1,609 megajoules per gross square metre, lower than the target of 1,635 megajoules per gross square metre. This represents a performance level similar to the previous year, which was at 1,610 megajoules per gross square metre.

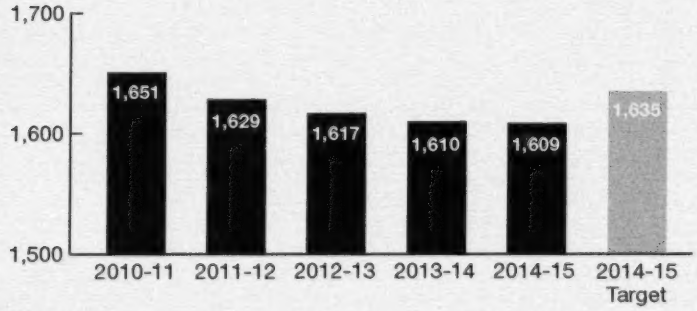
Future targets have been adjusted to encourage further improvements in energy consumption.

Alberta Infrastructure has a number of ongoing and widely implemented energy usage programs, including: energy efficient lighting, reduced operating hours in the evenings and on weekends, and the certification of a significant portion of its building portfolio to the national BOMA BEST® environmental standard, which focuses on energy management.

This measure is affected by several factors beyond the control of Alberta Infrastructure and therefore targets are difficult to predict. These factors include changes to building usage, occupancy levels and climate variations. In 2014-15, there was increased utilization in several large government buildings, such as the Sam Livingston Fish Hatchery, which limited overall reductions. In addition, many of the readily available, low cost energy conservation opportunities have already been implemented, leaving larger, more capital-intensive projects that may slow the rate of future energy reductions.

In 2014, Alberta Infrastructure partnered with Alberta Treasury Board and Finance to conduct a high-level review of its energy management program. Alberta Infrastructure will be incorporating a number of program related improvements identified through this assessment in the 2015-16 fiscal year.

Energy Consumption in Megajoules per Gross Square Metre in Government-Owned and Operated Facilities



Performance Measure 2.b:
Percentage Difference Betweeen Average Operating Cost per Rentable Square Metre of Government-Owned and Operated Office Space and Privately Operated Leased Space

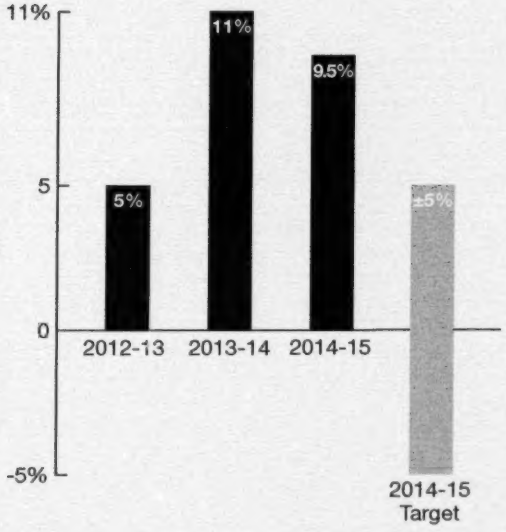
This performance measure compares the cost of operating government-owned and operated office space to that of leased office space. The long-term goal is to control the costs and maintain the value of our building infrastructure.

In 2014-15, the average operating cost of government-owned and operated office space was $109.87 per rentable square metre, an increase of $1.14 (1 per cent) over the previous year's average of $108.73. The average cost for the sampled leased buildings was $100.30 per rentable square metre, an increase of $2.34 (2 per cent) over the previous year's average of $97.96. Therefore, the percentage difference between owned and leased buildings was 9.5 per cent versus 11 per cent for the previous year.

The variance is related to maintenance cost increases in the mechanical/electrical and architectural/structural categories. These are offset partly by cost reductions for the utilities, administration, security, caretaking and grounds maintenance.

Higher cost averages for owned buildings do not necessarily indicate poor performance; they are partly attributable to differences between the buildings sampled and the types of costs reported. For example, high-rise leased offices typically have smaller building footprints and therefore lower costs for snow removal and landscaping. Owned building averages include costs related to tenant services and the delivery of minor maintenance projects, while leased building averages do not.

Percentage Difference Between Average Operating Cost per Rentable Square Metre of Government-Owned and Operated Office Space and Privately Operated Leased Space



Methodology and Data Sources

GOAL 1

Innovative public infrastructure solutions that provide value for Alberta's communities

Performance Measure 1.a: Health Facilities – Physical Condition,
Performance Measure 1.b: School Facilities – Physical Condition,
Performance Measure 1.c: Post-Secondary Facilities – Physical Condition, and
Performance Measure 1.d: Government-Owned Facilities – Physical Condition

The performance measures for Goal One use a Facility Condition Index (FCI) value to report the physical condition of facilities. The FCI is a ratio of the cost to fix current and future (five year) maintenance issues, relative to facility replacement values. A consistent method of gathering condition information and calculating the FCI is used across all school, health, post-secondary and government-owned facilities.

Data is collected through periodic condition assessments conducted by consultants and coordinated by ministry staff. Between consultant assessments, facility managers update facility information directly in the evaluation database, providing more detailed and timely condition information. The cycle is then repeated after 5 years, at which time, the consultant assessments serve the dual purpose of updating the condition information as well as validating the data entered by the facility managers. The data is stored in an electronic database using a program called Real Estate Capital Asset Priority Planning (RECAPP). RECAPP is produced and maintained by a private sector vendor.

Presentation of the data in the Annual Report is summarized using a Good/Fair/Poor rating scheme. The interpretation of FCI values for building infrastructure is as follows:

Condition	Facility Condition Index	Capital Planning Initiative Definition
Good	Facilities with an FCI of **less than 15%**	Adequate for intended use and expected to provide continued service life with average maintenance.
Fair	Facilities with an FCI that is **equal to or greater than 15%, or equal to or less than 40%**	Aging components are nearing the end of their life cycle and require additional expenditures for renewal or refurbishing.
Poor	Facilities with an FCI of **greater than 40%**	Upgrading is required to comply with minimum codes or standards and deterioration has reached the point where major repairs or replacement are necessary.

Note: For facilities, current codes and standards are defined by the Alberta Building Code, which is revised periodically, or other mandatory requirements. Older buildings are grandfathered and required to comply with the standards applicable at the time they were constructed, and not the current standards.

If a facility has been newly constructed or completely refurbished within the last 10 years, and there has been no audit, it is rated as "Good." The percentages are then calculated by taking the square metres of facilities in good, fair, or poor condition (as defined by FCI) and dividing each by the total area of all facilities. Alberta Infrastructure is currently evaluating its performance measures, including the FCI, to ensure they are reflective of desired outcomes and focused on continuous improvement with planning and reporting processes.

There were two methodologies and data sources used to compile the 2014-15 performance measures for health facilities:

- Facility Condition Rating (FCR): The FCR is the FCI established at the time of a consultant audit. The FCR has been used for Health Facilities since 2008. In 2013-14, the number of facilities evaluated included some facilities that were not over 1,000 m^2 and not owned by Alberta Health Services (AHS). By the end of 2014-15, 231 health facilities have been evaluated to produce an FCR. The 25 remaining facilities will be evaluated in the following years and the cycle will begin again with the facilities that have the oldest evaluations being re-evaluated. In addition, any facilities that will be greater than 10 years old will be scheduled for evaluation within the cycle.
- Temporary FCI: For health facilities not evaluated by consultants, a FCI was calculated based on detailed five-year physical condition deficiency lists provided by AHS. Once all the facilities have been evaluated in the first cycle, this methodology will be completely phased out. In the past, this method was also used on facilities where there have been substantial changes in the condition of the facility since the last evaluation. This practice has been discontinued and those facilities will be reported using the last available FCR.

For schools, assessments are conducted for facilities owned by school boards and funded by the Government of Alberta, and do not include outreach facilities. The measure for post-secondary institutions does not include "unsupported" facilities such as residences, parkades and commercial facilities. To optimize evaluation funds, this measure does not include facilities with an area of less than 1,000 gross square meters.

For government-owned and operated facilities, facilities owned by the provincial government but leased or operated by a third party are excluded from this measure. Surplus properties approved for disposal are also excluded. To optimize evaluation funds, this measure only includes facilities that are over 1,000 gross square metres in size, comprising approximately 90 per cent of the total area of all facilities combined.

GOAL 2

Safe and sustainable public assets contribute to Alberta's prosperity

Performance Measure 2.a: Energy Consumption in Megajoules per Gross Square Metre in Government-Owned and Operated Facilities

This performance measure indicates how effectively the ministry is managing energy and associated costs in government-owned buildings using a simple formula: the total annual energy consumption for all buildings divided by the buildings' total gross square metres (gm^2).

Energy consumption data for over 1,200 gas and electricity sites (service points) is provided by various retailers during the year and entered into the Energy Consumption Reporting System. The data is validated, converted from gigajoules and kilowatt-hours into megajoules, and totaled for all buildings. The gas total is adjusted using monthly actual and normal degree day data from Environment Canada to compensate for weather variations. To calculate the measure, the total weather adjusted consumption is divided by the total square gross metres based on building areas reported by the Building and Land Information Management System (BLIMS).

Performance Measure 2.b: Percentage Difference Between Average Operating Costs per Rentable Square Metre of Government-Owned and Operated Office Space and Privately Operated Leased Space

This performance measure reports the average operating cost of government facilities based on the methodology used in a survey conducted by the Building Owners and Managers Association (BOMA) to assess facility management practices in office buildings. The survey determines the average cost of building operations using established criteria and includes the costs of administration, caretaking, grounds, security/safety, routine buildings maintenance, utilities and insurance. Grants in place of taxes, which are beyond the control of Alberta Infrastructure, are excluded from the operating cost calculation as are major maintenance project costs and amortization costs. Areas excluded from the rentable space calculation include interior parking, elevator/mechanical shafts and external walls.

Although the BOMA survey is no longer used to determine the Alberta industry average, this costing methodology is used to calculate the average operating cost per square metre for 71 government-owned office buildings using data from various systems, including the Alberta Government Integrated Management Information System (MAGIS), Facilities and Business Information System (FBIS), and Building and Land Information Management System (BLIMS).

Financial Information

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Independent Auditor's Report

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

Report on the Financial Statements

I have audited the accompanying financial statements of the Ministry of Infrastructure, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ministry of Infrastructure as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 4, 2015

Edmonton, Alberta

MINISTRY OF INFRASTRUCTURE
STATEMENT OF OPERATIONS
Year ended March 31, 2015

	2015		2014
	Constructed Budget (Schedule 4)	Actual	Actual Restated (Note 3)
		(in thousands)	
Revenues (Schedule 1)			
Government Transfers			
Government of Alberta Grants	$ -	$ -	$ 3,000
Federal and Other Government Grants	-	295	150
Premiums, Fees and Licenses	3,000	4,172	5,457
Investment Income	-	333	541
Other Revenue			
Land Inventory Sales (Note 15)	70,700	17,633	32,009
Gain on Land Exchange (Note 2e)	75,940	65,400	-
Other	24,536	61,447	61,762
	174,176	149,280	102,919
Expenses - Directly Incurred (Note 2b and Schedule 8)			
Program (Schedule 3)			
Ministry Support Services	25,221	24,218	20,257
Health Facilities Support	832,584	450,574	381,155
Capital Construction Program	30,023	18,811	37,492
Strategic Partnerships Office	1,977	1,858	1,184
Property Management	328,990	339,465	333,821
Property Development	22,558	15,688	23,537
Realty Services	259,529	227,591	229,697
Capital for Emergent Projects	-	4	702
2013 Alberta Flooding			
Non Disaster Recovery Program Expenses	55,300	54,287	72,127
	1,556,182	1,132,496	1,099,972
Net Operating Results	$ (1,382,006)	$ (983,216)	$ (997,053)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF INFRASTRUCTURE
STATEMENT OF FINANCIAL POSITION
As at March 31, 2015

	2015	2014 Restated (Note 3)
	(in thousands)	
Assets		
Cash and Cash Equivalents	$ 951	$ 586
Accounts Receivable (Note 4)	5,317	8,416
Advances (Note 5)	98	98
Inventories (Note 6)	234,651	128,707
Assets to be Transferred (Note 8)	15,128	500
Tangible Capital Assets (Note 8)	2,996,460	2,878,280
	$ 3,252,605	$ 3,016,587
Liabilities		
Accounts Payable and Accrued Liabilities (Note 2b, Note 7)	$ 306,371	$ 249,018
Holdbacks Payable	67,287	55,159
Deferred Revenue (Note 2b, Note 13)	51,510	24,856
Liabilities under Public Private Partnerships (Note 2b, Note 16)	7,821	6,047
Liabilities for Site Remediation and Reclamation (Note 10)	71,013	63,219
	$ 504,002	$ 398,299
Net Assets		
Net Assets at Beginning of Year, as restated (Note 3)	$ 2,618,288	$ 2,551,571
Transfer of Tangible Capital Assets to Other Government Entities	(3,236)	(803)
Net Operating Results	(983,216)	(997,053)
Net Financing Provided from General Revenues	1,116,767	1,064,573
Net Assets at End of Year	2,748,603	2,618,288
	$ 3,252,605	$ 3,016,587

Contractual obligations (Note 9) and contingent liabilities (Note 12).

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF INFRASTRUCTURE
STATEMENT OF CASH FLOWS
Year ended March 31, 2015

	2015	2014 Restated (Note 3)
	(in thousands)	
Operating Transactions		
Net Operating Results	$ (983,216)	$ (997,053)
Non-cash Items Included in Net Operating Results		
Amortization (Note 8)	93,266	97,972
Consumption of Inventory (Schedule 3)	18,248	26,376
Gain on Disposal of Tangible Capital Assets	(20,334)	(18,476)
Gain on Land Exchange (Note 2e)	(65,400)	-
Grants in Kind	(1,335)	-
Loss on Disposal and Write-down of Tangible Capital Assets	2,558	5,545
Provision for Site Remediation and Reclamation (Note 10)	9,000	9,000
Unearned Revenue Recognized as Revenue (Note 13)	(24,860)	(49,389)
Deferred Capital Contribution Recognized as Revenue (Note 13)	(728)	(578)
Provision for Vacation Pay	804	(109)
Provision for Doubtful Accounts	(492)	450
Nominal Sum Disposals	27	89
	10,754	70,880
(Increase) Decrease in Accounts Receivable	3,591	(559)
(Increase) in Advances	-	(33)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(23,581)	1,808
Increase in Holdbacks Payable	12,128	17,156
(Decrease) in Liabilities for Site Remediation and Reclamation (Note 10)	(1,206)	(1,471)
Unearned Revenue Received/Receivable (Note 13)	21,376	47,488
Proceeds from Land Inventory Sales	(13,760)	(29,856)
Cash Applied to Operating Transactions	(973,914)	(891,640)
Capital and Inventory Transactions		
Acquisition of Tangible Capital Assets	(214,561)	(210,407)
Proceeds from Disposal of Tangible Capital Assets	13,271	13,521
Purchases of Inventory (Note 2b)	(44,062)	(17,001)
Proceeds from Land Inventory Sales	13,760	29,856
Cash Applied to Capital and Inventory Transactions	(231,592)	(184,031)
Financing Transactions		
Repayment of Liabilities under Public Private Partnerships (Note 16)	(462)	-
Contributions Restricted for Capital (Note 13)	30,866	11,607
Net Financing Provided from General Revenues [1]	1,175,467	1,064,573
Cash Provided by Financing Transactions	1,205,871	1,076,180
Increase (Decrease) in Cash and Cash Equivalents	365	509
Cash and Cash Equivalents, Beginning of Year	586	77
Cash and Cash Equivalents, End of Year	$ 951	$ 586

The accompanying notes and schedules are part of these financial statements.

[1] Net Financing provided from General Revenues in the Statement of Financial Position includes a non-cash amount of $58,700 related to land exchange (Note 2e).

MINISTRY OF INFRASTRUCTURE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2015

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Infrastructure (the "Ministry") operates under the authority of the *Government Organization Act,* Chapter G-10, Revised Statutes of Alberta 2000.

The Minister of Infrastructure (the "Minister") is responsible for working with partners and stakeholders to:

- lead the development of the provincial Capital Plan to emphasize responsible fiscal management,
- develop and deliver innovative capital projects, and operate and maintain building infrastructure for the public and government in a manner that emphasizes sustainability, safety, and environmental responsibility, and
- enhance the value of building infrastructure by leveraging collective technical expertise covering all areas, including planning, design, construction, acquisition, and renovation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Ministry of Infrastructure for which the Minister of Infrastructure is accountable. The Ministry Annual Report provides a comprehensive accounting of the financial position and results of the Ministry's operations.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing Provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenue

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Government Transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms of the transfer, or the stipulations together with the Ministry's actions and communications as to the use of transfers, create a liability.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the transfer is authorized and the ministry meets the eligibility criteria (if any).

Capital Contributions

Restricted capital contributions are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired or constructed tangible capital assets.

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual Credit or Recovery amounts exceed budget, the Ministry may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the Ministry's Credit or Recovery initiatives.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Expenses

Directly Incurred

Directly Incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets,
- pension costs, which are the cost of employer contributions for current service of employees during the year,
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees, indemnities, and site remediation, and
- government transfers which are transfers of money to an individual, an organization or another government for which the Ministry does not receive any goods or services directly in return. The major types of transfers and corresponding recognition criteria are as follows:
  - grants are recognized as expenses when authorized, eligibility criteria (if any) are met, and a reasonable estimate of the amounts can be made.
  - entitlements, which are non-discretionary because the amounts and recipients are prescribed, are recognized when eligibility occurs.
  - transfers under shared cost agreements, which are reimbursements of eligible expenditures, are recognized when the expenditures occur.

Incurred by Others

Some services contributed by other entities in support of Ministry operations are not recognized and are disclosed in Schedule 7 and allocated to programs in Schedule 8.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Assets acquired by right are not included.

Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new information technology systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Tangible capital assets of the Ministry include work in progress. These costs are capitalized, but not amortized until the asset is in service.

Contributed tangible capital assets are recorded at their fair value at the time of contribution.

Amortization is only charged if the tangible capital asset is in use.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the net book values of these physical assets less any nominal proceeds are recorded as grants in kind.

Inventories

Swan Hills Treatment Centre inventories are valued at lower of cost or replacement cost.

Land under development for resale is recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less cost to complete the development and selling costs. Costs include all costs to build infrastructure. The estimated unexpended portion of costs to complete building the infrastructure are recorded as a liability upon approval of the development plan with the municipality. The cost of sale of a lot is allocated on the basis of the estimated total cost of the subdivision phase prorated over the number of developable/saleable acres in the phase. Affordable housing program lands transferred to the Alberta Social Housing Corporation as a result of a government reorganization are accounted for through a restatement of net assets at carrying value.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in a sacrifice of economic benefits in the future.

Accounts Payable and Accrued Liabilities

A provision for land development related to the construction, installation, and servicing of municipal improvements for the Parsons Creek subdivision under development in the Regional Municipality of Wood Buffalo is recognized once an approved development agreement with the municipality is in place as this is the point in time when an obligation arises. The provision is recognized as a liability with an equal amount capitalized to land inventory. Provisions for land development are measured at management's best estimates of the expenditure required to complete the approved development plan at the end of the reporting period. Adjustments are made to the liability when actual costs are incurred. Provisions are discounted, where material, by discounting the expected future cash flows at a rate that reflects risk specific to the provision and the time value of money.

Public Private Partnerships (P3s)

A Public Private Partnership (P3) is defined as a cooperative venture based on contractual obligations between one or more public/private/not-for-profit partners that meet clearly defined public needs for the provision of goods or services.

The Ministry accounts for P3 projects in accordance with the substance of the underlying agreements. These agreements are accounted for the same way as capital leases as follows:

- The capital asset is valued at the total of progress payments made during construction and net present value of the future payments, discounted using the Government of Alberta's estimated borrowing rate for long term debt at the time of signing the P3 agreement.
- The liability is valued at the net present value of the future payments, discounted using the Government of Alberta's borrowing rate for long term debt at the time of signing the P3 agreement.
- During construction, the capital asset (classified as work-in-progress) and the corresponding liability are recorded based on the estimated percentage complete.
- Amortization on a straight-line basis over the estimated useful life commences when the asset is in service.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The ministry operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accounts receivable, advances, accounts payable, accrued liabilities, and holdbacks are estimated to approximate their carrying values because of the short term nature of these instruments.

Grants in Kind to Alberta Health Services and the University of Alberta

Capital assets are transferred quarterly as work in progress to the recipient organizations at their net book value and recorded as a Grant in Kind expense by the Ministry.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(c) 2013 Alberta Flooding

The Province's flood recovery initiatives, through its Disaster Recovery Program (DRP), provides financial assistance to impacted individuals, small businesses, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the Department of Municipal Affairs through the authority of the *Disaster Recovery Regulation.*

The Department of Municipal Affairs reports DRP expenses and the related revenues from the federal government. No DRP expenses are reported by the Ministry of Infrastructure.

Also, the Province's flood recovery initiatives include non-disaster recovery programs. Costs associated with non-disaster recovery programs are recognized as they are incurred. These costs are net of recoveries from insurance and other third parties.

	2015	2014
	(in thousands)	
Expenditures - 2013 Alberta Flooding		
Non Disaster Recovery Program Expenditures	$ 55,038	$ 72,127

(d) Change in Accounting Policy

PS 3260 Liability for Contaminated Sites

In June 2010, the Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The Ministry adopted this accounting standard retroactively as of April 1, 2014, but without restatement of prior period results. Management assessed that no liability exists under this standard at March 31, 2015.

(e) Fort McMurray Land Exchange

The Fort McMurray land exchange is valued at the fair value of the assets exchanged.

The Province has entered into an agreement with the Regional Municipality of Wood Buffalo under which the Province will transfer land assets to the region in exchange for the region providing highway improvements and other services to the Province. The Ministry of Infrastructure holds the land that is exchanged under the agreement. The Ministry of Transportation receives highway improvements to provincial highways and supports the highway improvements within the Regional Municipality of Wood Buffalo. While the transaction is governed under one agreement, each of the ministries of Infrastructure and Transportation recognize their respective portions of the agreement. Transactions recorded by the ministries in 2014-15 and the net effect of the agreement to government at March 31, 2015 is as follows:

(in thousands)	Ministry	(Gain) / Grant in Kind	Inter-Ministry Receivable / (Payable)	Receivable / (Payable)	Capital Asset Acquisition / (Disposal)	Cash
Land transferred	Infrastructure	$ (65,400)	$ 65,400	$ -	$ -	$ -
Highway Improvements	Transportation	61,653	(65,400)	8,700	3,747	(8,700)
Net Balance		$ (3,747)	$ -	$ 8,700	$ 3,747	$ (8,700)

(f) Future Accounting Changes

In March 2015 the Public Sector Accounting Board issued PS 2200 – Related party disclosures and PS 3420 – Inter-entity transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017.

- PS 2200 – Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.
- PS 3420 – Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

Management is currently assessing the impact of these new standards on the financial statements.

NOTE 3 GOVERNMENT REORGANIZATION

(in thousands)

Effective April 1, 2014, responsibility for one public affairs officer position was transferred from the Ministry of Executive Council to the Ministry of Infrastructure. Comparatives for 2014 have been restated as if the Ministry had always been assigned with its current responsibilities. The financial impact of these changes on opening net assets is detailed below.

Also effective April 1, 2014, responsibility for two leases was transferred from the Ministry of International and Intergovernmental Relations to the Ministry of Infrastructure. Comparatives for 2014 have been restated as if the Ministry had always been assigned with its current responsibilities. The financial impact of these changes on opening net assets is detailed below.

The Parsons Creek Land Development Program was transferred to the Ministry of Infrastructure as a result of restructuring government ministries announced on October 12, 2011. As part of this transfer, an estimated 41 acres of land in Parsons Creek would be transferred at a future date to the Alberta Social Housing Corporation from the Ministry of Infrastructure for the purpose of affordable housing. Some of this land was transferred to the Alberta Social Housing Corporation in 2015. This transaction is a continuation of the original government reorganization. Therefore, comparatives for 2014 have been restated as if the Ministry had never been assigned responsibility for these transferred lands.

	As Previously Reported	Transfer from Executive Council	Transfer from International and Intergovernmental Relations	Transfer to Alberta Social Housing Corporation	As Restated
Inventory, at March 31, 2014	**$ 151,003**	**$ -**	**$ -**	**$ (22,296)**	**$ 128,707**
Net Assets at March 31, 2013	$ 2,573,867	$ -	$ -	$ (22,296)	$ 2,551,571
Net Operating Result	(996,774)	(109)	(170)	-	(997,053)
Net Financing Provided from General Revenues [1]	1,063,491	109	170	-	1,063,770
Net Assets at March 31, 2014	**$ 2,640,584**	**$ -**	**$ -**	**$ (22,296)**	**$ 2,618,288**

[1] The restated Net Financing Provided from General Revenues in the Statement of Financial Position does not include Transfer of Tangible Capital Assets to Other Government Entities.

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	2015			2014
	Gross Amount	Accumulated Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Swan Hills Treatment Centre	1,986	-	1,986	2,694
Rental and Other	3,795	559	3,236	5,233
Cost Recoveries	95	-	95	489
	$ 5,876	$ 559	$ 5,317	$ 8,416

NOTE 5 ADVANCES

(in thousands)

	2015			2014
	Gross Amount	Accumulated Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Security Lease Deposits	$ 98	$ -	$ 98	$ 98
	$ 98	$ -	$ 98	$ 98

NOTE 6 INVENTORIES

(in thousands)

Inventories consist of land under development for resale for the Parsons Creek subdivision in the Wood Buffalo Region as well as chemicals for the Swan Hills Treatment Centre.

	2015	2014 Restated (Note 3)
Land Under Development for Resale (Note 15)		
Balance, beginning of year	$ 126,675	$ 121,153
Add increase in estimated value of work in phases with agreements	119,263	21,808
Add value of work for phases with no agreement	2,153	7,087
Less cost of inventory sold	(15,823)	(23,373)
Balance, end of year	$ 232,268	$ 126,675
Swan Hills Inventory (Note 10)		
Balance, beginning of year	$ 2,032	$ 2,132
Add purchases of inventory	2,776	2,903
Less consumption of inventory	(2,425)	(3,003)
Balance, end of year	$ 2,383	$ 2,032
	$ 234,651	$ 128,707

NOTE 7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2015	2014
Parsons Creek Land Development (Note 15)	$ 170,955	$ 87,192
Accrued Liabilities for Health Facilities	68,221	66,102
Other Accounts Payable and Accrued Liabilities	67,195	95,724
	$ 306,371	$ 249,018

NOTE 8 TANGIBLE CAPITAL ASSETS

(in thousands)

The cost of assets and the related accumulated amortization for the Ministry are summarized below.

		2015 Historical Cost [1]			
	Estimated Useful Life	Beginning of Year	Additions	Disposals, adjustments, write-downs	End of Year
Land [2]	Indefinite	$ 788,338	$ 20,119	$ (5,213)	$ 803,244
Land Improvements	40 years	16,831	735	-	17,566
Buildings	40 years	3,297,905	182,469	(7,397)	3,472,977
Equipment	5-40 years	48,328	4,915	(1,984)	51,259
Computer Hardware and Software	3-10 years	40,908	3,206	(372)	43,742
Other [3] [4]	3-40 years	177,466	21,547	(60)	198,953
		$ 4,369,776	$ 232,991	$ (15,026)	$ 4,587,741

	2015 Accumulated Amortization				Net Book Value	
	Beginning of Year	Amortization Expense	Effect of Disposals	End of Year	March 31, 2015	March 31, 2014
Land	$ -	$ -	$ -	$ -	$ 803,244	$ 788,338
Land Improvements	5,219	642		5,861	11,705	11,612
Buildings	1,290,615	73,050	(5,939)	1,357,726	2,115,251	2,007,290
Equipment	24,395	3,834	(1,748)	26,481	24,778	23,933
Computer Hardware and Software	26,878	4,427	-	31,305	12,437	14,030
Other [3]	143,889	11,313	(422)	154,780	44,173	33,577
	$ 1,490,996	$ 93,266	$ (8,109)	$ 1,576,153	$ 3,011,588	$ 2,878,780
Tangible Capital Assets Held for Transfer (included above)					$ 15,128	$ 500

(1) Included in the cost of tangible capital assets is work in progress amounting to $245,304 (2014 - $502,226).

	2015	2014
Land	$ 12,532	$ 13,442
Land Improvements	134	1,385
Buildings	203,545	464,009
Equipment	4,753	5,753
Computer Hardware and Software	3,105	7,090
Assets to Be Transferred [4]	15,128	500
Other	6,107	10,047
	$ 245,304	$ 502,226

(2) Includes donated land valued at $1.335 million.

(3) Includes leasehold improvements.

(4) Two interchanges are being constructed in Fort McMurray as part of the Parsons Creek land development and will be transferred to the Ministry of Transportation upon completion.

NOTE 9 CONTRACTUAL OBLIGATIONS
(in thousands)

Contractual obligations are obligations of the Ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2015	2014
Capital Investment		
Construction Contracts and Service Agreements	$ 271,268	$ 323,228
Expense		
Maintenance Contracts and Service Agreements	1,413,552	1,118,601
Grants	667,449	912,917
Leases	761,359	794,643
Obligations under Public Private Partnerships		
Operation and Maintenance Payments	21,553	23,477
Progress Payments	-	10,806
Capital Payments	8,907	9,513
	$ 3,144,088	$ 3,193,185

Estimated payment requirements for each of the next five years and thereafter are as follows:

Obligations Under Operating Leases, Contracts and Programs

	Capital Investment	Expense			
	Construction Contracts and Service Agreements	Maintenance Contracts and Service Agreements	Grants	Leases	Total
2015-16	$ 200,111	$ 565,999	$ 548,384	$ 197,316	$ 1,511,810
2016-17	66,630	263,577	82,649	164,224	577,080
2017-18	4,072	74,503	14,432	133,203	226,210
2018-19	357	42,339	12,735	88,728	144,159
2019-20	98	30,290	9,249	59,645	99,282
Thereafter	-	436,844	-	118,243	555,087
	$ 271,268	$ 1,413,552	$ 667,449	$ 761,359	$ 3,113,628

Obligations Under Capital Leases and Public Private Partnerships

	Operations and Maintenance Payments	Progress Payments	Capital Payments
2015-16	$ 1,951	$ -	$ 951
2016-17	2,000	-	951
2017-18	2,339	-	951
2018-19	2,702	-	951
2019-20	1,985	-	951
Thereafter	10,576	-	4,152
	$ 21,553	$ -	$ 8,907
Less amount representing interest			(1,086)
Total NPV of capital payments remaining			$ 7,821

NOTE 10 SWAN HILLS TREATMENT CENTRE

(in thousands)

On December 31, 2000, the buildings and equipment of the Swan Hills Treatment Centre were acquired by the Province for one dollar from a subsidiary of Bovar Inc. As a result of an agreement between the Ministers of Environment, Infrastructure, and Sustainable Resource Development, the land and responsibilities of the Swan Hills Treatment Centre were transferred to the Ministry, effective March 31, 2004, including associated environmental obligations. The facility is operated by the Ministry through a contracted operator and results of operations are included in these financial statements.

A study was done by an environmental consultant in March 2014 to determine the estimated cost of remediating and monitoring the Swan Hills Treatment Centre site. The estimate was $114 million in 2015 dollars, escalated to $176.2 million in 2025. The annual provision recorded is based on this estimate to remediate the site in 2025. The total liability at March 31, 2015 is $71 million (2014 - $63.2 million).

At March 31, the assets and liabilities of plant operations were as follows:

	2015	2014 Restated
Assets		
Accounts Receivable	$ 1,985	$ 2,694
Chemical and Parts Inventories	2,383	2,032
Capital Assets	14,324	13,342
	$ 18,692	$ 18,068
Liabilities		
Accounts Payable and Accrued Liabilities	$ 5,812	$ 4,811
Deferred Revenue	1,807	564
Site Remediation and Reclamation	71,013	63,219
	$ 78,632	$ 68,594

Net operating results from plant operations for the years ended March 31 were as follows:

	2015	2014 Restated
Revenue		
Operating Revenue	$ 11,001	$ 11,204
	11,001	11,204
Expenses		
Plant Operating Expenses	26,027	25,710
Consumption of Inventories	2,425	3,003
Amortization	3,695	4,063
Provision for Site Remediation and Reclamation	9,000	9,000
Infrastructure Paid Operational Costs	1,380	1,350
	42,527	43,126
Net Operating Results from Plant Operations	$ (31,526)	$ (31,922)
Purchase of Inventories	$ 2,776	$ 2,903
Capital Investment in Plant and Equipment	$ 4,677	$ 4,876
Site Remediation and Reclamation Work Completed	$ 1,206	$ 1,471

NOTE 11 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

As at March 31, 2015, trust funds under the Ministry's administration were as follows:

	2015	2014
The General Trust Fund	$ 2,198	$ 2,189
The Security Deposit Trust Fund	681	158
	$ 2,879	$ 2,347

The General Trust Fund holds non-interest bearing securities posted by contractors.
The Security Deposit Trust Fund holds interest bearing deposits from tenants for rented property.

NOTE 12 CONTINGENT LIABILITIES

(in thousands)

At March 31, 2015 the Ministry is a defendant in thirteen legal/other claims (2014 - fourteen claims). All of these claims have specified amounts totaling $47,845 and there are no claims having no specified amounts (2014 - fourteen claims with a specified amount of $346,356 and no claims with no specified amount). Five claims amounting to $1,905 (2014 - five claims amounting to $2,390) are covered in whole or in part by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

NOTE 13 DEFERRED REVENUE

(in thousands)

	2015	2014
Unearned Revenue (i)	$ 3,345	$ 6,829
Unspent Deferred Capital Contributions (ii)	-	-
Spent Deferred Capital Contributions (iii)	48,165	18,027
	$ 51,510	$ 24,856

(i) Unearned Revenue	2015	2014
Balance, beginning of year	$ 6,829	$ 8,730
Received/receivable during the year	21,376	47,488
Less amounts recognized as revenue	(24,860)	(49,389)
Balance, end of year	$ 3,345	$ 6,829

(ii) Unspent Deferred Capital Contributions	2015	2014
Balance, beginning of year	$ -	$ -
Cash contributions received/receivable during the year	30,866	11,607
Transferred to spent deferred capital contributions	(30,866)	(11,607)
Balance, end of year	$ -	$ -

(iii) Spent Deferred Capital Contributions	2015	2014
Balance, beginning of year	$ 18,027	$ 6,998
Transferred from unspent deferred capital contributions	30,866	11,607
Less amounts recognized as revenue	(728)	(578)
Balance, end of year	$ 48,165	$ 18,027

NOTE 14 GOVERNMENT TRANSFERS - FEDERAL PROGRAMS

The Ministry receives support for infrastructure from the Government of Canada through the Building Canada Fund and the P3 Canada Fund. Capital transfers are recognized as deferred revenue upon receipt and transferred to revenue over the useful life of capital assets based on relevant stipulations by the transferring government. The full cost of provincial projects will be capitalized and amortized over the useful life of the infrastructure.

A summary of each federal initiative is as follows:

Building Canada Fund – Major Infrastructure Component

The Ministry signed an agreement in December 2013 to receive up to $112.5 million through this program towards the construction of the Royal Alberta Museum. Federal funding will be received on the basis of completed milestones established in the terms of the agreement. In 2014-15, $20.43 million was received for a total of $30.645 million to date.

P3 Canada Fund

The Ministry signed an agreement in June 2013 to receive up to $9.95 million through the P3 Canada Fund towards the construction of the Evan Thomas Water and Wastewater Treatment Facilities. Federal funding was received upon project completion as per the terms of agreement, and as a result, $9.95 million was received in 2014-15.

NOTE 15 LAND DEVELOPMENT

(in thousands)

The Ministry is developing and selling crown land for sale as residential and commercial lots in the Parsons Creek Subdivision of the Regional Municipality of Wood Buffalo. The area is being developed in three phases. Land under development and the provision for land development are accounted for in accordance with Note 2b under the 'Inventories' and 'Accounts Payable and Accrued Liabilities' sections.

At March 31, the assets and liabilities related to land development were as follows:

	2015	2014
Assets		
Inventories (Note 6)	$ 232,268	$ 126,675
Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)		
Balance, beginning of year	$ 87,192	$ 72,512
Add increase in estimated costs in phases with agreements	119,263	21,808
Add value of work for phases with no agreement	2,153	7,087
Less amounts paid	(37,653)	(14,215)
Balance, end of year	$ 170,955	$ 87,192
Deferred Revenue		
Balance, beginning of year	$ 3,873	$ 6,026
Add received/receivable during the year	13,760	29,856
Less amounts recognized as revenue	(17,633)	(32,009)
Balance, end of year	$ -	$ 3,873

Net operating results from land development for the years ended March 31 were as follows:

Revenue		
Land Inventory Sales	$ 17,633	$ 32,009
Gain on Land Exchange (Note 2e)	65,400	-
Total Revenue	83,033	32,009
Expenses		
Cost of Sales	15,823	23,373
Net Operating Results from Land Development	$ 67,210	$ 8,636

NOTE 16 LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS

(in thousands)

The Ministry has entered into contracts for the design, finance, build, and operation of the Evan Thomas Water and Wastewater Treatment Facilities as a public private partnership.

The details of the 10 year contract for this project which is operational is as follows:

Project	Contractor	Date contract entered into	Completion date	Date capital payments began
Evan Thomas Water and Wastewater Treatment	EPCOR Water Services Inc.	October 2012	August 2014	August 2014

The calculation of the liabilities under public private partnerships is as follows:

	2015	2014
Liabilities, Beginning of Year	$ 6,047	$ -
Additions to Liabilities during the Year	2,236	6,047
Principal Payments	(462)	-
Liabilities, End of Year	$ 7,821	$ 6,047

NOTE 17 PAYMENTS UNDER AGREEMENT

(in thousands)

The Ministry entered into an agreement to deliver programs and services that are fully funded by another agency. Costs under this agreement are incurred by the Ministry under authority in Section 25 of the *Financial Administration Act*. Accounts payable includes $0 (2014 - $0) relating to payments under the agreement.

Amounts paid and payable under agreement with the program sponsor are as follows:

	2015	2014
Alberta Health Services	$ -	$ 1,201
	$ -	$ 1,201

NOTE 18 BENEFIT PLANS

(in thousands)

The Ministry participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $10,106 for the year ended March 31, 2015 (2014 – $9,045). Departments are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2014, the Management Employees Pension Plan reported a surplus of $75,805 (2013 – surplus $50,457), the Public Service Pension Plan reported a deficiency of $803,299 (2013 – deficiency $1,254,678) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $17,203 (2013 – deficiency $12,384).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2015, the Bargaining Unit Plan reported an actuarial surplus of $86,888 (2014 – surplus $75,200) and the Management, Opted Out and Excluded Plan reported an actuarial surplus of $32,343 (2014 – surplus $24,055). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 19 COMPARATIVE FIGURES

Certain 2014 figures have been reclassified to conform to the 2015 presentation.

NOTE 20 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

MINISTRY OF INFRASTRUCTURE **Schedule 1**
SCHEDULE TO THE FINANCIAL STATEMENTS
Revenues
Year ended March 31, 2015

	2015		2014
	Constructed Budget	Actual	Actual Restated
		(in thousands)	(Note 19)
Government Transfers			
Government of Alberta Grants	$ -	$ -	$ 3,000
Federal and Other Government Grants	-	295	150
	-	295	3,150
Premiums, Fees and Licenses			
Civil Service Parking	3,000	2,088	3,136
Other Fees & Licenses	-	2,084	2,321
	3,000	4,172	5,457
Investment Income			
Investment Income	-	333	541
	-	333	541
Other Revenue			
Land Inventory Sales	70,700	17,633	32,009
Gain on Land Exchange	75,940	65,400	-
Other			
Refunds of Expenditure	1,400	6,709	5,910
Swan Hills Treatment Centre	10,000	11,001	11,204
Leases (Land and Buildings)	10,780	18,788	21,653
Cost Recoveries	-	3,173	4,364
Gain on Disposal of Tangible Capital Assets	-	20,334	18,476
Miscellaneous	2,356	1,442	155
	171,176	144,480	93,771
Total Revenues	$ 174,176	$ 149,280	$ 102,919

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Credit or Recovery
Year ended March 31, 2015

Schedule 2

	2015				
	Authorized	Actual Revenue Recognized	Deferred Revenue	Actual Cash/Donation Received / Receivable	(Shortfall)/ Excess
		(in thousands)			
Leases (Land and Buildings)	$ 12,180	$ 12,458	$ -	$ 12,458	$ 278
Swan Hills Treatment Centre	11,500	11,001	-	11,001	(499)
	$ 23,680	$ 23,459	$ -	$ 23,459	$ (221) [1]

[1] Shortfall is deducted from current year's authorized spending, as disclosed in Schedule 5 to the financial statements.

Leases
Rent is charged to agencies of government and other entities which occupy space in government operated buildings or which utilize land owned by government. Treasury Board Minute No. 6/2015 approved an increase of $1,400 in recoveries under the Leases element of the Operational Vote.

Swan Hills Treatment Centre
The private sector is charged for the disposal of hazardous waste. Treasury Board minute No. 7/2015 approved an increase of $1,500 in recoveries associated with the processing of hazardous waste at the Swan Hills Treatment Centre under the Operational Vote.

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Expenses - Directly Incurred Detailed By Object
Year ended March 31, 2015

Schedule 3

	2015		2014
	Constructed Budget	Actual	Actual Restated
		(in thousands)	(Note 3)
Salaries, Wages, and Employee Benefits	$ 88,740	$ 83,763	$ 80,967
Supplies and Services	475,368	440,381	431,251
Supplies and Services from Support Service Arrangements with Related Parties [1]	1,499	2,047	1,979
Grants	839,108	493,796	458,385
Amortization of Tangible Capital Assets	100,829	93,266	97,972
Consumption of Inventory	50,358	18,248	26,376
Financial Transactions and Other	280	995	3,042
	$ 1,556,182	$ 1,132,496	$ 1,099,972

[1] The ministry receives financial and administrative services from the Ministry of Service Alberta (Schedule 7).

MINISTRY OF INFRASTRUCTURE **Schedule 4**
SCHEDULE TO THE FINANCIAL STATEMENTS
Budget Reconciliation
Year ended March 31, 2015

	2014-15 Estimate [1]	Adjustments to Conform to Accounting Policy [2]	2014-15 Constructed Budget
		(in thousands)	
Revenues			
Government Transfers			
Government of Alberta Grants	$ -	$ -	$ -
Federal and Other Government Grants	15,323	(15,323)	-
Premiums, Fees and Licenses	3,000	-	3,000
Investment Income	-	-	-
Other Revenue			
Land Inventory Sales	70,700	-	70,700
Gain on Land Exchange	75,940	-	75,940
Other	24,536	-	24,536
	189,499	(15,323)	174,176
Expenses - Directly Incurred Programs			
Ministry Support Services	$ 25,221	$ -	$ 25,221
Health Facilities Support	15,476	817,108	832,584
Capital Construction Program	22,853	7,170	30,023
Strategic Partnerships Office	1,977	-	1,977
Property Management	319,315	9,675	328,990
Property Development	22,558	-	22,558
Realty Services	259,529	-	259,529
2013 Alberta Flooding	35,300	20,000	55,300
	702,229	853,953	1,556,182
Net Operating Results	$ (512,730)	$ (869,276)	$ (1,382,006)
Capital Spending	$ 1,146,174	$ (853,783)	$ 292,391
Capital Debt Servicing	$ 170	$ (170)	$ -
Financial Transactions [3]	$ 73,150	$ -	$ 73,150

[1] The 2014-15 Government Estimates on the Statement of Operations does not differentiate between amounts not required to be voted and voted expenses. Valuation adjustments are allocated to each program. Capital consists of cash disbursements for the purpose of investments in tangible capital assets valued at $5,000 or more, grants for capital purposes, and interest expense and other debt servicing on capital borrowing.

[2] Adjustments for operating expense included in Capital Spending and revenue that is deferred for capital purposes are in accordance with PS1200.125. Capital Debt Servicing is included in operating expense.

[3] Financial Transactions consist of cash payments for the reduction of a liability, expenses to be recognized in a future year, or the acquisition of a financial asset. Financial liabilities for alternatively financed capital projects are reduced by payments from a non-budgetary disbursement vote.

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Lapse/Encumbrance of Annual Supply Votes
Year ended March 31, 2015

Schedule 5

Program - Operational	Voted Estimates [1]	Supplementary Estimates [2]	Adjustments [3]	Adjusted Voted Estimate	Voted Actuals [4]	Unexpended (Over Expended)
			(in thousands)			
1 Ministry Support Services						
1.1 Minister's Office	$ 575	$ -	$ -	$ 575	$ 543	$ 32
1.2 Deputy Minister's Office	784	-	-	784	700	84
1.3 Communications	656	-	-	656	527	129
1.4 Human Resources	1,783	-	-	1,783	1,959	(176)
1.5 Corporate Strategies and Services	15,797	-	-	15,797	16,019	(222)
	19,595	-	-	19,595	19,748	(153)
2 Health Facilities Support						
2.1 Health Facilities Infrastructure	11,047	(1,643)	-	9,404	9,013	391
3 Capital Construction Program	22,853	(1,638)	(50)	21,165	18,277	2,888
4 Strategic Partnerships Office	1,977	-	-	1,977	1,660	317
5 Property Management						
5.1 Property Operations	213,054	-	(550)	212,504	207,489	5,015
5.2 Swan Hills Treatment Centre	31,698	(4,148)	1,500	29,050	27,387	1,663
	244,752	(4,148)	950	241,554	234,876	6,678
6 Property Development	3,732	1,838	-	5,570	3,696	1,874
7 Realty Services						
7.1 Leases	207,175	-	1,400	208,575	207,869	706
7.2 Land Purchases and Sales	3,997	-	-	3,997	3,591	406
7.3 Fort McMurray and Area Lands	614	-	-	614	510	104
	211,786	-	1,400	213,186	211,970	1,216
9 2013 Alberta Flooding						
9.1 Floodway Relocation Program	35,300	19,956	-	55,256	53,940	1,316
9.2 Reconstruction and Accommodation	-	891	-	891	235	656
	35,300	20,847	-	56,147	54,175	1,972
Credit or Recovery (Shortfall) (Schedule 2)	-	-	(221)	(221)	-	(221)
Total	$ 551,042	$ 15,256	$ 2,079	$ 568,377	$ 553,415	$ 14,962
Lapse/(Encumbrance)						$ 14,962

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Lapse/Encumbrance of Annual Supply Votes
Year ended March 31, 2015

Schedule 5
(Cont'd)

Program - Capital	Voted Estimates [1]	Supplementary Estimates [2]	Adjustments [3]	Adjusted Voted Estimate	Voted Actuals [4]	Unexpended (Over Expended)
			(in thousands)			
Capital Plan Spending						
1 Ministry Support Services						
1.5 Corporate Strategies and Services	$ 4,161	$ -	$ 580	$ 4,741	$ 3,206	$ 1,535
2 Health Facilities Support						
2.1 Health Facilities Infrastructure	747,108	-	-	747,108	431,073	316,035
2.2 Health Capital Maintenance and Renewal	70,000	-	-	70,000	10,960	59,040
	817,108	-	-	817,108	442,033	375,075
3 Capital Construction Program	226,380	-	45,560	271,940	166,483	105,457
5 Property Management						
5.1 Property Operations	-	-	550	550	454	96
5.2 Swan Hills Treatment Centre	4,657	-	267	4,924	4,677	247
5.3 Government Owned Facilities Preservation	25,000	-	35	25,035	23,268	1,767
	29,657	-	852	30,509	28,399	2,110
6 Property Development	15,000	-	6,539	21,539	11,698	9,841
7 Realty Services						
7.2 Land Purchases and Sales	8,300	-	8,651	16,951	3,926	13,025
7.3 Fort McMurray and Area Lands	19,078	-	(500)	18,578	14,628	3,950
	27,378	-	8,151	35,529	18,554	16,975
8 Capital for Emergent Projects	-	-	183	183	215	(32)
9 2013 Alberta Flooding						
9.2 Reconstruction and Accommodation	24,000	-	-	24,000	751	23,249
Total Capital Plan Spending	1,143,684	-	61,865	1,205,549	671,339	534,210
Capital Plan Debt Servicing						
3 Capital Construction Program	170	-	-	170	144	26
Total	$ 1,143,854	$ -	$ 61,865	$ 1,205,719	$ 671,483	$ 534,236
Lapse/(Encumbrance)						$ 534,236

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Lapse/Encumbrance of Annual Supply Votes
Year ended March 31, 2015

Schedule 5
(Cont'd)

Program - Financial Transactions	Voted Estimates [1]	Supplementary Estimates [2]	Adjustments [3]	Adjusted Voted Estimate	Voted Actuals [4]	Unexpended (Over Expended)
			(in thousands)			
Acquisition of Inventory						
5 Property Management						
5.2 Swan Hills Treatment Centre	$ 2,665	$ -	$ -	$ 2,665	$ 2,776	$ (111)
7 Realty Services						
7.3 Fort McMurray Area and Lands	69,945	-	-	69,945	41,286	28,659
Total Acquisition of Inventory	$ 72,610	$ -	$ -	$ 72,610	$ 44,062	$ 28,548
Debt Repayment for Public Private Partnerships						
3 Capital Construction Program	540	-	-	540	462	78
Site Remediation and Reclamation Work Completed						
5 Property Management						
5.2 Swan Hills Treatment Centre	-	-	-	-	1,207	(1,207)
Total	$ 73,150	$ -	$ -	$ 73,150	$ 45,731	$ 27,419
Lapse/(Encumbrance)						$ 27,419

[1] As per "Operational Vote by Program" (page 120), "Capital Vote by Program" (pages 120-121), and "Financial Transactions Vote by Program" (page 121) of the 2014-15 Government Estimates. The Voted Estimate and Actuals columns will not agree to the Statement of Operations, because it contains only voted amounts, whereas the Statement of Operations contains voted and non-voted amounts.

[2] Per the Supplementary Supply Estimates approved on March 19, 2015.

[3] Adjustments include encumbrances, capital carry forward amounts, transfers between votes, and credit or recovery increases approved by Treasury Board, and credit or recovery shortfalls. An encumbrance is incurred when, on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding Voted Estimate in the current year.

[4] Actuals exclude non-voted amounts such as amortization and valuation adjustments.

MINISTRY OF INFRASTRUCTURE **Schedule 6**
SCHEDULE TO THE FINANCIAL STATEMENTS
Salary and Benefits Disclosure
Year ended March 31, 2015

	2015				2014 (Restated)
	Base Salary [1]	Other Cash Benefits [2]	Other Non-cash Benefits [3]	Total	Total
Deputy Minister [4] [5]	$ 289,026	$ 15,657	$ 64,647	$ 369,330	$ 414,828
Other Senior Officials					
Assistant Deputy Minister, Properties	188,918	-	48,842	237,760	342,140
Assistant Deputy Minister, Capital Projects Division [6]	158,289	-	38,669	196,958	643,580
Assistant Deputy Minister, Learning Facilities Division [7]	39,199	7,538	11,622	58,359	-
Assistant Deputy Minister, Health and Government Facilities Division [8]	34,244	-	8,154	42,398	-
Assistant Deputy Minister, Corporate Strategies and Services Division [9]	171,179	-	43,945	215,124	237,573
Chief, Strategic Partnerships Office [13]	197,488	-	50,516	248,004	248,925
Strategic Executive Advisor [10]	91,968	-	28,039	120,007	-
Communications Director [13]	123,822	-	36,026	159,848	149,655
Executive Director, Finance	161,673	-	45,439	207,112	369,686
Executive Director, Human Resources [11] [12]	140,375	-	39,831	180,206	241,178

Total salary and benefits related to a position are disclosed.

(1) Base salary includes regular salary and earnings such as acting pay.

(2) Other cash benefits include vacation payouts, severance, and lump sum payments. There were no bonuses paid in 2015.

(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships, and tuition fees.

(4) The incumbent was appointed to the position in September 2014. The position was occupied by two individuals, at different times during the year.

(5) Automobile is provided. No dollar amount is included in other non-cash benefits.

(6) The position was split into two separate divisions in January 2015. 2014 has been restated to include all benefits paid or payable in relation to a settlement agreement signed that year.

(7) Position created in January 2015.

(8) Position created in January 2015.

(9) The incumbent was appointed to the position in February 2015. The position was occupied by two individuals, at different times during the year.

(10) Position created in October 2014.

(11) The incumbent was appointed to the position in May 2014. The position was occupied by two individuals, at different times of the year.

(12) The incumbent's services were shared with the Department of Transportation until May 2014, which contributed its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this schedule.

(13) Position included this year to expand the schedule and disclose all members of the Executive Team.

MINISTRY OF INFRASTRUCTURE **Schedule 7**
SCHEDULE TO THE FINANCIAL STATEMENTS
Related Party Transactions
Year ended March 31, 2015
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2015	2014
Revenues		
Parking/Leases	$ 1,282	$ 1,766
EFP Entities [1]	2,694	4,564
Swan Hills Treatment Centre	480	480
Other Revenue	-	3,000
	$ 4,456	$ 9,810
Expenses - Directly Incurred		
Business and Technology Services (Schedule 3)	$ 2,047	$ 1,979
EFP Entities	448,453	380,003
Insurance	2,762	2,533
Other Costs	430	121
	$ 453,692	$ 384,636
Tangible Capital Assets Transferred In/(Out)	$ (3,236)	$ (803)
Accounts Receivable from EFP Entities	$ 162	$ 1,318
Accounts Payable to EFP Entities	$ 10,003	$ 25,736
Accounts Receivable	$ 44	$ 178
Contractual Obligations to EFP Entities	$ 5,767	$ 10,179

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements, but are disclosed in Schedule 8.

	Other Entities	
	2015	2014 Restated
Revenue		
Accommodation	$ 476,940	$ 473,911
Expenses - Incurred by Others (Schedule 8)		
Accommodation	$ 3,365	$ 2,860
Air Transportation/Executive Vehicles	98	374
Business Services	6,195	5,894
Internal Audit	161	148
Legal Services	1,553	910
	$ 11,372	$ 10,186

[1] EFP - Excluded from Fiscal Plan

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Allocated Costs
Year ended March 31, 2015
(in thousands)

Schedule 8

	2015					2014
		Expenses - Incurred by Others				Restated (Note 3)
Program	Expenses [1]	Accommodation Costs [2]	Legal Services [3]	Business Services [4]	Total Expenses	Total Expenses
Ministry Support Services	$ 24,218	$ 470	$ 432	$ 6,454	$ 31,574	$ 27,128
Health Facilities Support	450,574	259	181	-	451,014	381,482
Capital Construction Program	18,811	628	438	-	19,877	38,350
Strategic Partnerships Office	1,858	35	-	-	1,893	1,205
Property Management	339,465	1,643	188	-	341,296	335,287
Property Development	15,688	117	28	-	15,833	23,687
Realty Services	227,591	213	286	-	228,090	230,190
Capital for Emergent Projects	4	-	-	-	4	702
2013 Alberta Flooding	54,287	-	-	-	54,287	72,127
	$ 1,132,496	$ 3,365	$ 1,553	$ 6,454	$ 1,143,868	$ 1,110,158

[1] Expenses - Directly Incurred as per Statement of Operations.

[2] Cost shown for Accommodation (includes grants in lieu of taxes) on Schedule 7, allocated by the number of employees in each program.

[3] Cost shown for Legal Services on Schedule 7, allocated by hours of service incurred by each program.

[4] Costs shown for Business Services include charges for financial and information technology support, vehicles, air transportation, and internal audit services on Schedule 7, allocated to Ministry Support Services.

Statutory Report

Statutory Report

Section 32 of the *Public Interest Disclosure Act* requires the ministry to report annually on the following parts of the Act.

(a) The number of disclosures received by the designated officer of the Public Interest Disclosure Office, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;

(b) The number of investigations commenced by the designated officer as a result of disclosures;

(c) In the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.

In 2014-15, there were no disclosures of wrongdoing filed with the Public Interest Disclosure Office for the ministry.

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